

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /086 W

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TAGS: ELAB, PINT, ECON, BE

SUBJECT: BELGIAN PARLIAMENT BEGINS DEBATE ON ECONOMIC RECOVERY PLAN

REF: (A) 75 BRUSSELS 10705, (B) BRUSSELS 0048 (NOTAL)

1. SUMMARY. ON FEBRUARY 11 THE HOUSE OF REPRESENTATIVES BEGAN PUBLIC DEBATE ON LONG AWAITED ECONOMIC RECOVERY PLAN OF THE TINDEMANS GOVERNMENT. THIS PLAN, ANNOUNCED WITH MUCH FANFARE IN OCTOBER HAS BEEN CONSIDERABLY MODIFIED AND IT IS NOT EXPECTED TO HAVE SIGNIFICANT ECONOMIC IMPACT. NEVERTHELESS, IT IS ANOTHER POLITICAL TEST FOR THE TINDEMANS GOVERNMENT AND PERHAPS THE LAST BIG ONE BEFORE THE OCTOBER COMMUNAL ELECTIONS. TINDEMANS WAS VIRTUALLY ASSURED OF EASY PASSAGE OF THE BILL ON FEBRUARY 10 WHEN THE CHRISTIAN TRADE UNION (CSC) NATIONAL COUNCIL REFUSED TO JOIN THE SOCIALIST TRADE UNION CALL FOR A NATIONAL DEMONSTRATION AGAINST THIS BILL. IF THE SOCIALISTS DEMONSTRATE ALONE THEY WILL NOT HAVE MUCH IMPACT IN THE FLEMISH AREAS. SINCE THE CHRISTIAN TRADE UNION HAS CONSIDERABLE INFLUENCE IN THE SOCIAL CHRISTIAN PARTY ITS ACCEPTANCE OF THE RECOVERY BILL HAS ASSURED

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MAJORITY SUPPORT FOR THIS LEGISLATION. END SUMMARY.

2. PARLIAMENT BEGAN DEBATE FEBRUARY 11 ON THE SEVEN CHAPTERS OF THE ECONOMIC RECOVERY PLAN (PLAN DE RELANCE ECONOMIQUE). THIS PLAN WAS FIRST UNVEILED IN OCTOBER WHEN BELGIAN ECONOMY WAS AT THE LOW POINT OF THE RECESSION. A KEY PART OF THE PLAN WAS A TEMPORARY INCOMES POLICY WHICH MET IMMEDIATELY WITH OPPOSITION FROM BOTH CHRISTIAN (CSC) AND SOCIALIST (FGTB) TRADE UNIONS. IN ORDER TO SECURE CSC SUPPORT PRIME MINISTER TINDEMANS AGREED TO ELIMINATE A PROPOSAL ON SLOWING INDEXATION OF WAGES BELOW 40,000 FRANCS. TO SATISFY UNIONS HE ALSO ADDED OTHER MEASURES ON EMPLOYMENT AND A VOLUNTARY EARLY RETIREMENT PROGRAM. FOLLOWING CHRISTIAN TRADE UNION CONGRESS IN DECEMBER CSC AND FGTB CALLED A ONE-HOUR STRIKE DECEMBER 23 TO PROTEST REFORM OF THE SOCIAL ALLOWANCE PROGRAM AND THE ECONOMIC RECOVERY PROGRAM. ALTHOUGH THIS TRIKE WAS ONLY PARTIALLY EFFECTIVE, THE GOVERNMENT ONCE AGAIN MET WITH THE UNIONS AND AGREED TO FURTHER AMENDMENTS REGARDING EMPLOYMENT AND SOCIAL ALLOWANCES.

3. ON FEBRUARY 3 FGTB LEADERSHIP, PURSUING ITS STRUGGLE AGAINST THIS PLAN, CALLED FOR A NATIONAL DEMONSTRATION WITH OR WITHOUT CSC SUPPORT. ON FEBRUARY 10 CSC NATIONAL COUNCIL REJECTED NATIONAL DEMONSTRATION IDEA AND CALLED INSTEAD FOR A NATIONAL EMPLOYMENT CONFERENCE AT WHICH UNIONS, EMPLOYERS AND GOVERNMENT WOULD DISCUSS STRUCTURAL REFORMS TO PROMOTE EMPLOYMENT.

4. THE RECOVERY PLAN HAS ALREADY BEEN AMENDED IN COMMISSION. ADDITIONAL AMENDMENTS MAY BE PRESENTED ON THE FLOOR. HOWEVER, GOVERNMENT MAY RESIST ANY NEW AMENDMENTS NOW THAT THE TACIT SUPPORT OF CHRISTIAN TRADE UNION HAS BEEN OBTAINED. WHILE THE DEBATE MAY TAKE SEVERAL DAYS, OUTCOME APPEARS TO BE NO LONGER IN DOUBT. MAJORITY IS EXPECTED TO PASS THIS BILL AND SEND IT TO THE SENATE WHERE IT SHOULD HAVE EASY PASSAGE, GIVEN GOVERNMENT'S LARGER MAJORITY THERE.

5. COMMENT: ONCE AGAIN TINDEMANS BY MOLLIFYING AND MODIFYING HAS MANAGED TO PUSH FORWARD CONTROVERSIAL LEGISLATION AND KEEP HIS DISPARATE FORCES TOGETHER. IN THE PROCESS HE HAD TO SACRIFICE MUCH OF THE ECONOMIC IMPACT THIS BILL MIGHT LIMITED OFFICIAL USE

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HAVE HAD, PARTICULARLY ON BELGIUM'S HIGH PRICE AND INDUSTRIAL COST LEVELS. AT PRESENT ALL BELGIAN POLITICIANS HAVE THEIR EYES ON THE COMMUNAL ELECTIONS IN OCTOBER. NO PARTY WANTS TO RISK AN ACCIDENT THAT WOULD BRING DOWN THIS GOVERNMENT BEFORE THESE ELECTIONS. ALTHOUGH THERE WILL PROBABLY BE MINOR THREATS TO THE STABILITY OF THE GOVERNMENT IN THE COMING MONTHS, PASSAGE OF THIS BILL PROBABLY WILL MARK THE LAST IMPORTANT LEGISLATIVE TEST FOR TINDEMANS BEFORE

THE COMMUNAL ELECTIONS. RENNER

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